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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Medical Benefits for Dependents

1. This memorandum is for your information. It is submitted in response to your oral request for a statement as to present handling of the dependents' medical care benefit.

2. On 21 September 1956, the Acting Director of Central Intelligence adopted the provisions of the overseas dependent medical care program of the Department of State. The authority for the Department of State's program is contained in Public Law 828, 84th Congress (2nd Session). Adoption of this program was based upon several factors; including the following:

a. This Agency presented to the Congress, as a part of its legislative proposals, companion provisions to those of the State Department's for an overseas dependent medical program;

b. Although the CIA proposals were not acted upon by the 84th Congress, the identical proposal submitted by the State Department was passed by the Congress and enacted into law by the President. It was deemed reasonable to assume, therefore, that the Congress would have reacted favorably to similar legislation submitted by CIA for a similar class of personnel;

c. A recommendation by the General Counsel, CIA, recommending the adoption of the benefits granted to the Department of State for all CIA personnel stationed overseas;

d. Acquiescence of the General Counsel to the Comptroller General to such action, provided this Agency pursues its request for legislation on this matter.

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3. In substance, the program granted the Department of State and adopted by this Agency provides for the payment of medical expenses, of a dependent of a United States citizen, officer, or employee who is stationed abroad, arising out of an illness or injury which occurs while such dependent is located abroad and which requires hospitalization or similar treatment and which is not a result of vicious habits, intemperance, or misconduct on the part of the dependent. The program covers the cost of treatment which exceeds \$35.00 up to a maximum limitation of 120 days of treatment, except in those instances where, on the basis of professional medical advice, it shall be deemed that such illness or injury clearly was caused by the fact that such dependent was located abroad.

4. The dependent medical program also covers the cost of travel of a dependent who incurs an illness or injury, of the type described above, to the nearest suitable hospital or clinic, if the dependent is located in an area where such facilities do not exist. If such a dependent is too ill to travel unattended, the Agency may also pay the travel expenses of an attendant.

5. As a practical matter, adoption of this program means that the Agency will pay for the cost of medical treatment, within the limitations described above, for all dependent medical expenses incurred abroad. The program will cover conditions such as tumors, cancers, cysts, and other congenital or familial conditions which may be diagnosed or become manifest while the dependent is located abroad, despite the fact that such conditions have no direct relationship to the dependent's physical presence in the overseas area. In those cases where there is such a relationship, such as amoebiasis, hepatitis, jaundice, tuberculosis, etc. in areas where, upon professional medical advice, the condition is considered endemic to the area, authorization may be granted for the payment of medical expenses beyond the 120 day normal maximum and until recovery.

6. Thus far, the Office of Personnel has received 16 dependent medical cases. They include the case of a young child who contracted a tubercular condition as the result of consumption of milk and other dairy products in an area where dairy herds are not tuberculin tested and such products are not considered pasteurized by United States Government standards. It is believed that this is the type of case where a waiver of the 120 day limitation would be granted, on the basis that this condition would not have been contracted if the child had remained in this country.

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7. Another case involved the birth of an infant with congenital abnormalities. Although no claim is made that the child's birth in an overseas area had a relationship to these conditions, payment of medical expenses arising from this condition will be paid up to the 120 day limitation.

8. Although Public Law 828 contains no authority for the payment of medical expenses in maternity cases, by construction the State Department and this Agency will pay for the cost of travel of a dependent wife to a suitable hospital or clinic if that dependent's husband is located in an area where no suitable hospital or clinic exists. However, payment of the travel expenses in such instances does not carry with it payment of the medical expenses for the maternity care.

9. The Mutual Benefit Health and Accident Insurance Association of Omaha, Nebraska has recently ruled that hospitalization insurance may not be used to reimburse medical expenses incurred by an employee or his dependents if the U. S. Government will provide or pay for any such treatment. Inasmuch as the Agency has adopted the overseas dependent medical care program this source of reimbursement must be utilized where appropriate. However, hospitalization insurance coverage for dependents will be granted for the first \$35.00 of any claim approved under this program, for maternity cases and in instances where additional treatment is required beyond the 120 day limitation of the dependent medical program.

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11. Pending an Agency announcement on this subject, dependent medical care cases are being processed in the same manner as are employee claims under the "5(a)(5)(C)" program. Contact is maintained with the Medical Staff on medical questions and with the Office of General Counsel where matters of legal determination are involved. Close liaison is also being maintained with the Department of State to assure that this office

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adheres to the same standards as the Department of State. However, it has been difficult to obtain any substantial assistance from the State Department since, for lack of funds appropriated for the specific purpose, the Department has not yet activated its program.

12. Claims received in the Office of Personnel are developed by the Casualty Affairs Branch, Benefits and Casualty Division. All bills submitted with such claims are reviewed by the Medical Staff to assure the necessity of the treatment received for the condition incurred and to assure that the charges are reasonable for the services rendered. As noted above, matters involving legal determinations are resolved in consultation with the Office of General Counsel. When claims are fully developed, they are referred to the undersigned for approval or disapproval.

13. The Office of Personnel has developed a Claim For Dependent Medical Care, Form No. 1126, dated 1 December 1956 (copy attached). A sample of this Form is being sent to all overseas stations as an attachment to a book dispatch which describes the dependent medical care program.

Gordon M. Stewart  
Director of Personnel

Distribution:

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